

MEMO# 4335

December 17, 1992

BANKING ORGANIZATIONS URGE CLINTON ADMINISTRATION TO APPLY COMMUNITY REINVESTMENT REQUIREMENTS TO OTHER FINANCIAL INSTITUTIONS

December 17, 1992 TO: BOARD OF GOVERNORS NO. 92-92 RE: BANKING ORGANIZATIONS URGE CLINTON ADMINISTRATION TO APPLY COMMUNITY REINVESTMENT REQUIREMENTS TO OTHER FINANCIAL INSTITUTIONS

Attached is a letter recently sent on behalf of several bank trade associations to President-elect Clinton that sets forth various suggestions "to promote the flow of credit to businesses and consumers, thereby enhancing job creation and economic growth." Page 2 of the second attachment (entitled Needed Legislative Changes To Boost Economic Growth In Local Communities) states that "the administration should apply CRA [Community Reinvestment Act] statutory responsibilities on other types of institutions which are important sources of investment and lending capital." The banking associations' letter follows the publication of the article we recently sent you in which an economist at the Federal Reserve Bank of Kansas City criticized "differential regulation" of various financial intermediaries. (See Memorandum to Board of Governors No. 86-92, dated December 1, 1992.) We will keep you informed of developments. Matthew P. Fink President Attachment